

MOHCD Acquisition and Capital Improvements for API Serving Orgs RFP
Questions and Answers

Feb 15, 2023

This document contains MOHCD response to the questions submitted regarding Acquisition and Capital Improvements for API Serving Orgs RFP from February 1, 2023 through February 10, 2023. The questions were collected during the webinar as well as those submitted via email. MOHCD may have modified or adjusted the questions for clarity.	
Question Submitted	MOHCD Response
1 What is the penalty if the awardee does not meet the tenure period?	Per Section 8.04 of the Current MOCD grant agreement: – Acquisition and Disposition of Real Property. MOCD can require that the grantee pay to MOHCD the Grant Amount
2 Audits are very expensive. Is that cost covered under the grant?	The cost of the audit is not covered under the grant. The audits required for submission are not able to be retroactively covered by the grant funds.
3 Do matching funds need to be an equity investment or can they be debt?	Matching funds can be a loan (debt) made against another asset. But matching funds cannot be untapped equity in another asset.
4 if we have multiple sites/locations can we submit 2 separate proposals 1 for acquisition at one site, and 1 for improvements at a different site?	Yes as long as projects are eligible, an organization can submit proposals for projects at different sites.
5 What is the definition of Commercial Use? If we are buying a space that has an existing office tenant paying rent in one of the site's spaces we won't use, does that mean it's commercial use? Does this make our project in-eligible?	That project could be eligible but may be evaluated with less priority than a project with full availability to the community.
6 Regarding supporting documents, if the proposal is for acquisition-not construction, would a construction budget be required?	No a construction budget would not be required in this instance.
7 If the grant is approved for \$5 million for building acquisition. Will \$5 million be given at one time or over a period of the 2 year contract?	One time payment is available for building acquisition.
8 Can we submit letters from our lenders or consultants stating their analysis and viability of our proposed acquisition?	Yes.
9 What is more important to MoHCD in this RFP... 1) the age and seniority of an organization or 2) the impact / need / feasibility of the project?	The impact, need, and feasibility of the project are MOHCD's priority in this RFP.
10 Additional guidelines state "Construction should begin and a draw-down of funds should be made between 12 and 18 months after the grant start date." Can draw-down of funds begin immediately when grant is set up in July of 2023? Additionally, can funds be used for prior incurred construction costs that happen before July 2023?	For construction costs, funds are disbursed on a reimbursement basis, and is impacted by the procurement process. Funds may not be used for costs incurred prior to the grant certification process and the public contract procurement process.

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11	We might be applying for another State grant to submit construction/capital costs which also requires a Match. Can we apply to this grant also and use the other grant as Match?	Yes, if the match is confirmed.
12	If the acquisition must be completed before a city decision is made, but we are able to buy the property with short-term seller financing, is repayment of the seller financing an eligible expense?	No, expenses incurred prior to the grant agreement start date are not eligible expenses.
13	Are API Council member non-profits prioritized in this RFP?	No, membership to any council or collaboration does not receive prioritization.
14	Is the maximum award for acquisition 85% of the acquisition price (paid to seller) or 85% of the total acquisition budget, including due diligence, escrow charges and fees, and other soft costs related to the acquisition phase of the project?	It would be 85% of the total acquisition budget.
15	Are there a preference for projects and initiatives that have been previously funded (programs, not capital) and initiated by MOHCD?	No.
16	We plan to acquire and renovate a building to launch a residential care facility for the elderly. Although we have never implemented a RCFE program before, we have acquired a building and launched a program for all inclusive care for the elderly (PACE). Would that be considered similar/advantageous to mention?	Respondents are welcome to share relevant experience as they see fit.
17	Do we need to have a signed LOI from the Seller accepting our purchase terms for required supporting documents?	It is ideal to include an executed LOI, it is not a requirement in order for the project to be scored. There will be follow up from the department if site control is not clearly demonstrated.
18	For purposes of calculating the max award and matching funds, can operating reserves and capital/replacement reserves be included in both acquisition and capital project budgets?	Operating reserves cannot be used as a matching fund for either acquisition or rehab unless the applicant can show that the operating reserve exceeds the amount that is required by the applicant's internal best practices for maintaining and operating the existing building. The applicant would have to show how the use of the reserve funds would not jeopardize the already planned maintenance and operations of building the reserve funds would be taken from. In terms of using capital replacement reserves as a match, they can be used if those replacement reserve funds were already intended to be used for the specific space that is to be rehabilitated; or if the replacement reserves were going to be used for a space that houses programs that will now be in the new space. The reserves could not be used as a match if they were intended for a completely unrelated space (a new space with a new use, not previously in the old space).

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19	Our agency is very small with a budget under \$100k and may not be strong enough under MOHCD's criteria. Can we apply through a fiscal sponsor?	Fiscal sponsorship is permitted. Special consideration should be given regarding legalities and responsibility when fiscal sponsorship is utilized for acquisition projects.
20	We plan to acquire an existing facility but it currently served a very limited population. With the acquisition and new improvements proposed, we will be able to serve new programs and populations not previously served at the site. Would this be considered an existing or new facility?	Yes, it would be considered a new facility.
21	Can the project be an improvement for an existing program or must the project be for a new program?	Yes, existing program improvements are eligible.
22	How should acquisition projects complete the Capital Project Budget worksheet, which is geared toward construction? Why does the Capital Project Budget worksheet say that soft costs aren't accepted for new facilities?	A construction budget would not be required. The Program guidelines state that the grant cannot pay for Architectural/Engineering soft costs.
23	What's the panel review process--internal review? Thank you	A panel with capital project experience will review and score all proposals.
24	Will you determine whether the project is classified under rehab or capital project?	A rehab project is a capital project.
25	The building currently serves a certain # of patients based on the limited programs it can offer. With our new acquisition and capital improvements, we can serve more # of patients than previously allowed. Should we state the current number or the newly proposed # of clients served?	Please include both numbers in your narrative.
26	If acquisition projects are not required to fill out the Capital Project Budget worksheet, how should we provide cost/matching funds breakdown?	The applicant would provide this information in its proforma budget.
27	I get a total score of 105	Thank you for bringing this to our attention, the RFP document has been corrected and an updated version has been posted to our website.
28	Can you please confirm that organizations with a signed Letter of Intent to acquire a new facility may choose to apply for either acquisition or capital funding? In this situation, should the applicant provide a "deed or tax bill" (p. 15 of RFP) evidencing the seller's ownership, or should the applicant provide the LOI in lieu of a current deed or tax bill?	Yes, organizations with a signed Letter of Intent to acquire a new facility may choose to apply for either acquisition or capital funding. Applicants in this situation should submit all documents which best reflect certainty about their ability to acquire the site should they receive the grant. If no deed or tax bill is available, they may include letter of intent instead.

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29	The RFP asks acquisition applicants to provide evidence of due diligence completed to date (appraisal, physical inspection, environmental assessment). Since this level of due diligence typically follows the execution of an LOI, and in many cases, the PSA, can an applicant that's recently entered into an LOI still apply for acquisition funds and provide a timeline of planned due diligence in lieu of providing completed reports? Or, if evidence of due diligence is a hard requirement, then will the completion of one of the referenced reports suffice?	Applicants in this situation can still apply and should provide all relevant reports they have available and all detail that they have in lieu of reports, and a timeline of due diligence including estimated dates that they would receive those reports.
30	The RFP says that commercial projects are ineligible for funding. Will MOHCD consider funding the acquisition of properties to be partially occupied by a commercial use, provided that the remainder of the building serves the purposes defined in the RFP? And if yes, would MOHCD like applicants in this situation to provide any additional information?	MOHCD will score and review projects that have a portion of space dedicated to commercial use. Please clearly define how the space will be distributed between commercial and community use. A proposal with commercial use in the building will not be as favorably scored as those without, due to this not being a primary intention of the funding source.
31	The RFP says awards will be processed on a cost reimbursement basis. Is MOHCD able to deposit funds into an escrow account to facilitate an acquisition, or would the applicant need to secure bridge financing?	Funds may be distributed through an escrow deposit for acquisition projects.
32	For Acquisition, is paying off the balance of a mortgage considered Acquisition, and would we be allowed to include the amount we have already paid toward the mortgage as a match: For example, we purchased in 2015 at \$1.4M, owner carried back the loan. We deposited \$400K. Current balance of the Mortgage is \$718,781 + \$200K in early pay off fees for total of \$918,781. Could we apply for \$918,781 to pay off mortgage and own the property clear.? Paying off now would save over \$500k in interest over the life of the loan.	This would not be eligible. This grant is intended for organizations to newly acquire a facility, and these funds are not to be used to pay off existing owned facilities.
33	The application is requesting due diligence for acquisition projects. We are in the process of undergoing due diligence but experiencing some delays due to availability of contractors. We will try to complete and send in all documents related, but it is absolutely necessary to send in all due diligence documents?	Send all the documentation and reports you have access to with your application. Supply a timeline of due diligence with estimated dates that you expect to receive the additional documentation and reports.

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34	Will MOHCD require acquisition grantees to provide an appraisal prior to receiving funds, and if so, does the appraisal have the potential to impact the final award amount, for example, if the purchase price exceeds the appraised value?	Under Supporting Documents on p. 15 of the API Acquisition, the RFP states: For Proposals Requesting Funds for Acquisition 1.The project’s proposed pre-development budget must conform to real estate industry standards. 2.Provide a project operating budget that includes reserves sufficient to ensure the long-term viability of the project. 3.Provide evidence of completion of relevant due diligence (e.g., appraisal, environmental reports, physical needs assessment). “does the appraisal have the potential to impact the final award amount?” Yes.
35	On RFP document Page 14, Capital Project Budget Section, item 1)b It says “List all revenue sources”, we want to clarify the definition of “revenue sources”. If you can give some examples, it will be very helpful too.	Revenue sources are the sources of funds that will be used to undertake and complete the project.
36	What happens in the case of that the appraised value of a property is different from the award amount? For example, if the application states that the purchase price is \$1mill and is given a an award for \$1mill, but the appraisal comes back at \$900k—what happens to the \$100k difference?	If you don't have an appraisal at the time of application then you will be asked to provide one in order for the funding application reviewers to have a complete understanding of the application.
37	Can we apply for acquisition with multiple sites if we're buying a package and the LOI lists all sites?	Each site for acquisition requires a separate funding application
38	The RFP notes due diligence requirements, but most of these will take longer than a month. - Can we note plans for due diligence and/or due diligence in progress?	Yes. As part of your supporting documents, provide all relevant reports you have available and all detail that you have in lieu of reports, and a timeline of due diligence including estimated dates that you would receive those reports.
39	In terms of point scoring, how will you grate for acq only vs. acq and capital proposals?	Each application is reviewed and scored separately. We are not able to say how we would score an application for acquisition funding only as compared to an application for acquisition and rehabilitation funding.
40	- If we're applying for acq only, will capital answers (for future capital improvement plans) help our score?	Please respond to the questions as best you can and refer to the list of supporting documents on p. 15 of the RFP.
41	In the webinar, your team noted that a signed LOI is not required for the application, but will help score. Can you confirm?	Please refer to the RFP language at the bottom of p. 10 that begins with: “To demonstrate site control for an eligible grant:” We cannot comment on what would or would not help an application score